

NSC BRIEFING

23 December 1957

INDONESIA

I. The most significant development in Indonesia since the last council meeting has been the government's decision to send ~~Sukarno~~ ^{that} ~~should go~~ ^{Reported as cabinet decision} on "sick leave" early in January for an indefinite period.

A. Official explanation is that he is "physically and spiritually" tired, as result of over-exertion in Irian campaign. Premier Djawanda, perhaps with tongue in cheek, says he is on the verge of a nervous breakdown. [But Sukarno may drift this]

B. This explanation, however, not altogether convincing in light of several reports that he is being gracefully eased out of the picture by elements which are increasingly concerned over Indonesia's drift towards chaos and Communist domination.

Since Dutch attack Nov. 30 he

1. ~~Seems strange that reports of his departure for relaxation~~
first heard after he had made ^{one} fighting speech at Surabaya
calling for national expenditure of blood, sweat and tears
and no compromise with Dutch. Otherwise silent + inactive. Are
he lost nerve - or is he plotting?

2. Also, ^{W. G. Bee} ~~searing in~~ of Sartono, speaker of parliament who is himself reportedly in poor health, as acting president even before Sukarno leaves appears slightly unusual.

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C. In addition, Masjumi and Nationalist Party leaders are apparently trying to ~~expect~~^{effect} a coalition to replace the Djuanda cabinet. They are acting independently of the army and seem to lack a firm leader. Much talk - little action.

III. The Communists have been the big winners so far in the anti-Dutch drive, and are now ~~consolidating~~^{trying} their gains.

A. Through SOBSI, the biggest and best organized labor federation in Indonesia, the Communists have led the pact in seizing Dutch property.

B. They are now following through by retaining a strong, if not dominant, voice in management of these properties which ostensibly have been taken over by the government.

1. In the administration of several former Dutch firms, including banks and KPM (shipping), this is done through "labor assistance committees."

2. On plantations, where Communists also control the largest unions, they have an inside track as result of a govt decree transferring management from Dutch owners to the three senior Indonesian employees.

3. Elsewhere, they continue to freewheel as in case of Garuda (Indonesian National Airlines) where their union is now dictating practically all administrative policies, including the firing of Dutch technical personnel and hiring of inexperienced Indonesian replacements.

IV. The Communists have also been careful to maintain their political fences. Now it won't now over in general.
A. Ever since current crises broke, they have posed as agents of the govt rather than revolutionaries, and there is more than a suspicion of colusion with the govt in many instances as a result of the connections in the heavily communist-infiltrated National Council and cabinet.
B. There is, for instance, strong evidence that the Communists have a close working relationship with the Djakarta ^{form} military command.
V. Communist strategy in immediate future probably is to exploit deepening economic crisis.

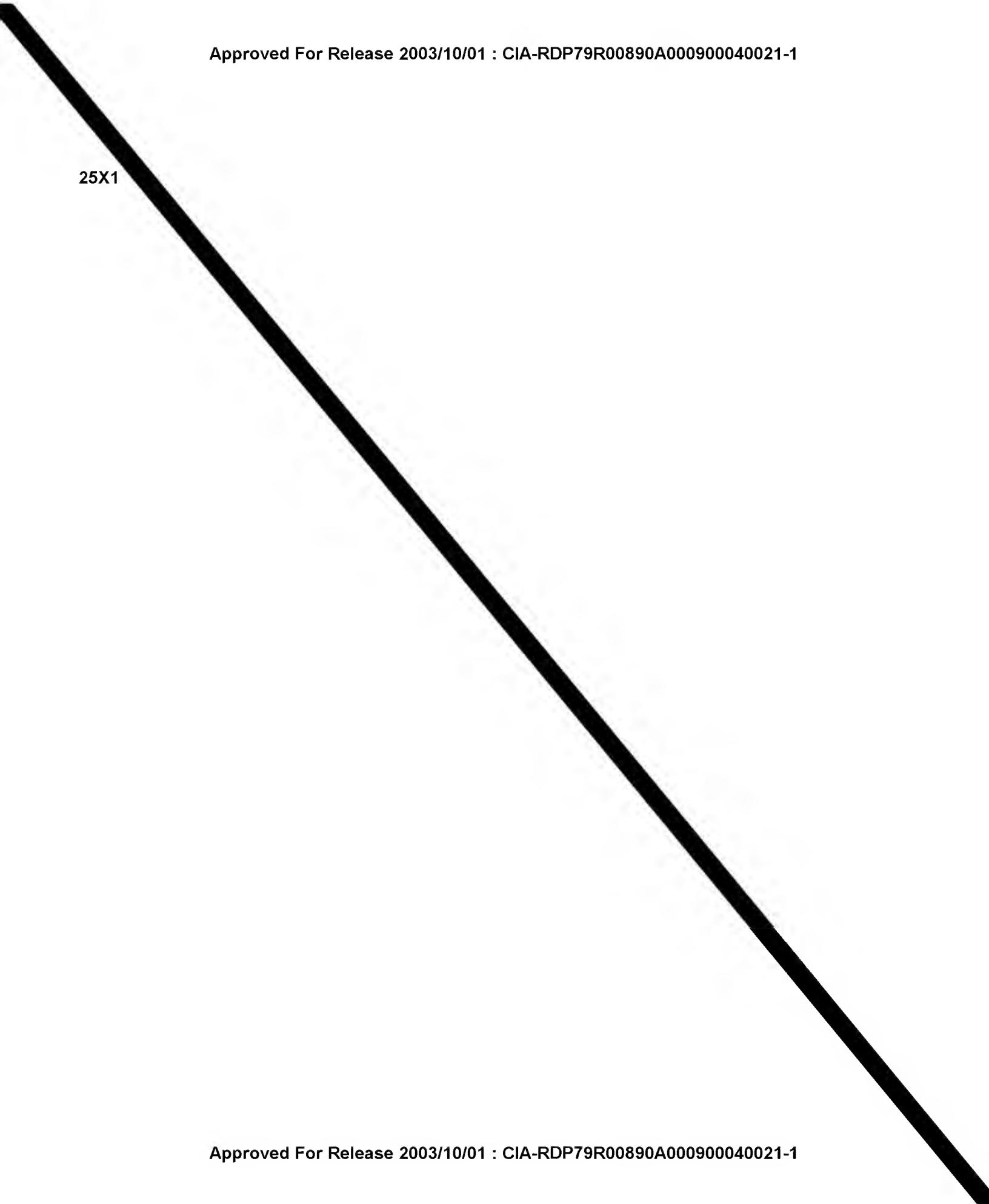
25X1 A. [redacted] they are encouraging the hoarding of rice, as a means of aggravating the incipient food shortages which are being brought on by the breakdown of the distribution system.

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C. The Soviet bloc has been bored in supporting Djakarta's claim to Irian and has offered help, but nothing concrete has developed yet in the way of aid.

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